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March 13, 2006

VIA ELECTRONIC MAIL

Ann Ver Heul  
LSA - Legal Division  
State Capitol  
Des Moines, Iowa 50319

Re: Motor Vehicle Dealers Interim Study Committee  
Report on Mediation from the Iowa Metropolitan Automobile Dealers Association

Dear Ms. Ver Heul:

Thank you for the invitation to submit our summary as an attachment to the final committee report.

This issue has not been resolved and The Iowa Metropolitan Automobile Dealers Association continues to believe that the problems of dealer relocation need to be addressed by the Iowa Legislature. We respectfully request that the Interim Committee recommended a legislative solution. The Iowa Metropolitan Automobile Dealers Association stands ready to work with the Committee and other interested parties on language to address this problem.

We thank you and the mediator and the other interested parties for engaging in this process and we hope to continuing working together in some forum.

Background

Revisions to the Iowa law on relocation of dealerships were proposed in the 2004 and 2005 legislative sessions. The proposals were based on a concern that automobile dealerships, motivated by population growth, could relocate nearer to other dealerships selling the same vehicles and encroach on their territory. This problem was created in 1998 when the Iowa law was revised to prevent automobile manufacturers from terminating a dealer franchise for relocating. Proposals to resolve this gap in the law centered on reestablishing factory approval and / or mile limits in connection with dealership moves within high population areas. Buffer zones, which exist in some form in the majority of states, were also

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proposed.

In May of 2005, the Motor Vehicle Dealers Interim Study Committee was charged with studying Iowa Law pertaining to the relocation of licensed motor vehicle dealerships. The Committee met for one day on October 11, 2005. Testimony was received from the following groups:

Iowa Automobile Dealers Association – (James West, Legislative Counsel) - Neutral on the issue since it had members both for and against revisions to the statutes.

Iowa Metropolitan Automobile Dealers Association – (Ron Brown of Bob Brown Chevrolet and Stew Hanson of Stew Hanson's Dodge City, members) - Testified in favor of changes to the law in order to regulate the ability of auto dealers to relocate to the extreme edges of their area of responsibility for the purpose of attracting customers from a neighboring area of responsibility controlled by another dealer selling the same make of vehicle.

Iowa Auto Dealers for Equal Opportunity – (James Piazza, Jr., Legislative Counsel) - Opposed to any changes in the law that would expand state regulatory power over the location or relocation of motor vehicle dealerships.

Iowa Independent Automobile Dealers Association – (Doug Livy, President and Judith Wilson, Legislative Chair) – Voiced concerned about possible elimination of competition and inclusion of used car dealers.

The Interim Committee determined that the issue needed to be addressed and invited the opposing groups to attempt a compromise. The opposing parties engaged the services of Michael Thompson at Iowa Mediation Service. One mediation session took place. The parties were not able to agree on legislative language. The Iowa Metropolitan Automobile Dealers Association submitted a proposal to limit the proposed restrictions to a zone between Des Moines and contiguous areas but still within the Des Moines metropolitan statistical area, in which restrictions would apply. The Iowa Auto Dealers for Equal Opportunity reviewed and voted to reject this proposal. In response to a request to meet for another mediation session or submit a counter-proposal, the Iowa Auto Dealers for Equal Opportunity elected to decline and end the mediation.

Very truly yours,

Kevin F. Howe

KFH: